



Administrative Report

N.2., File # 26-1003

Meeting Date: 8/18/2026

To: MAYOR AND CITY COUNCIL
From: STEPHANIE MEYER, FINANCE DIRECTOR

TITLE

DISCUSSION AND POSSIBLE ACTION ON THE CITY'S BUSINESS LICENSE TAX COLLECTION PROCESS AND FEE STRUCTURE FOR SPECIAL EVENT VENDORS

EXECUTIVE SUMMARY

The City's business licensing requirements are established in Redondo Beach Municipal Code (RBMC) Title 6, Chapter 1. Section 6-1.06 establishes requirements, including the presumption of doing business, and Section 6-1.08 lists exemptions, including the option to request a business license waiver through written application of the City Council.

Over the past few years, the City Council has supported business license waivers for businesses participating in special events for which there is a community benefit, including those the Council has designated as Signature Events and for City-organized activities.

Council has directed staff to review the special event vendor waiver policy to simplify the process and ensure appropriate retail tracking and revenue collection. Staff initially outlined options for Council discussion in FY 2026-27 Budget Response Report (BRR) #27.

This report recommends actions to modify the business license tax ordinance to accomplish these goals and identifies other administrative changes to further improve the business license application process. It also outlines alternatives for Council consideration. As the proposed changes do not increase the tax or expand the entities required to pay the tax, the changes can be accomplished through an ordinance amendment and do not require voter approval.

Staff recommends the Council discuss and give direction on the proposed adjustments to the business license fee collection and application process for special event vendors.

BACKGROUND

Since FY 2023-24, the City Council has reviewed business license waiver requests for special event vendors as stand-alone requests, with an application required for each event. These include City-organized events.

To request a waiver, organizers and participants complete a form and submit it to the City's business license office in the Financial Services Department. The form includes event information, participating vendors for which the license waiver is being requested, and a description of the event's

community benefit, which serves as the basis for the waiver approval. City staff submits an Administrative Report presenting the waiver application as a consent item for City Council consideration, including the completed waiver application. The Administrative Report summarizes the waiver process, provides event-specific information, and estimates revenue loss expected if the waiver request is approved. Following Council consideration, staff communicates the result of the waiver request to the event organizer and/or participating vendors.

The table below shows Council-approved waiver requests from the past two fiscal years with their associated estimated revenue loss. Note that the business license payment is one of multiple event costs and does not represent the only City fee applied to special events. There are a number of fees that may still apply, including facility rental fees (e.g. Seaside Lagoon), and reimbursement for other City costs, such as Police and Fire personnel.

FISCAL YEAR	ORGANIZER	EVENT	EST REVENUE LOSS
2023-24	NRBBA	SpringFest*	5,000
2023-24	NRBBA	SummerFest*	20,000
FY 2023-24 Total			\$ 25,000
2024-25	H2O Events	HoliFest (H2O Events)	400
2024-25	BIH LLC	HoliFest (BIH LLC)	266
2024-25	Holi & the Beach	HoliFest (Holi & the Beach)	665
2024-25	City of Redondo Beach	Juneteenth	399
2024-25	NRBBA	SummerFest*	25,000
FY 2024-25 Total			\$ 26,730
2025-26	Come Together	Come Together Market	2,394
2025-26	In'n'Out	Slave 2 Nothing Foundation Fundraiser	2,383
2025-26	Chamber of Commerce	Superbowl 10K*	1,862
2025-26	BIH LLC	HoliFest (BIH LLC)	484
2025-26	City of Redondo Beach	City's 100th Birthday	266
2025-26	NRBBA	SpringFest*	3,798
2025-26	NRBBA	SummerFest*	15,000
2025-26	City of Redondo Beach	Juneteenth and Summer Reading Kick-off	400
FY 2025-26 Total			\$ 26,587

* City Signature Event

Staff have identified alternatives to the current waiver process that, if implemented, would accomplish the following:

- 1) Clarify and streamline City procedures and requirements for issuing a business license to special event vendors
- 2) Create a fee structure that is more appropriate for special event organizers and participating vendors
- 3) Help ensure the City maintains knowledge of businesses operating in the City for special events
- 4) Retain some business license tax revenue for the City related to special events, where appropriate

City staff reviewed neighboring cities and identified alternate approaches to providing business

licenses for special events, including applying a daily rate; charging vendor fees through event organizers; or exempting special events from license requirements entirely. Given the goals above, staff believes maintaining the requirement while assessing a rate better aligned with the business conducted is most appropriate.

Recommendation

The current business license tax rate applicable to most special event vendors is \$99 for City vendors, and \$129 for vendors outside the City (with the addition of the required \$4 fee for each license). Staff proposes a tiered special event rate as shown below. This mirrors the current City/non-City split, and applies a rate of approximately 20% of the regular annual rate currently applicable to such vendors. This is similar to the structure for special event vendors in El Segundo. Staff proposes that this rate apply to a vendor for participation in up to three events; following three events, the vendor would be responsible for the full fee. Consistent with Council direction regarding fees for events which generate no revenue for the organizer, staff also recommends waiving the business license tax payment for those events that do not generate revenue for the organizer.

Vendor Location	# of Events	Rate	Exceptions
City of Redondo Beach	Up to 3 per year	\$20	Event generates no revenue for organizer
	> 3 events per year	Regular annual rate (\$99 + \$4 charge)	
Non-City	Up to 3 per year	\$25	
	> 3 events per year	Regular annual rate (\$129 + \$4 charge)	

Since the proposed rate structure does not expand or increase the business license rates listed in the City's municipal code the changes do not require a Prop 218 vote and can be adjusted through approval of an ordinance.

Alternatives

Council could choose a different tier/number of events; charge the event organizer a fee directly rather than assessing each vendor; or could choose to exempt special event vendors from business license tax more broadly. Staff does not support options that do not involve licensing individual vendors as staff believes there is value to the City in receiving and being able to monitor business activity in the City.

In addition to adjusting rates and creating certain exemptions as shown above, staff intends to review the administrative requirements for business licenses to streamline processing for those involved in special events, including a review of required supporting documentation. These adjustments do not require ordinance changes.

Finally, as shared in BRR #27, staff intends to research and implement a technology-based solution to improve business license processing. This would provide an online portal for frequently requested customer service items, such as fully processing applications, requesting a business license number, requesting a reprint of a business license, and checking payment status, which currently require

phone calls or email inquiries to the business license office and rely on City staff response.

There are a range of online software/system options that vary in price and relative functionality. Initial research indicates the following general cost ranges:

- One-time Setup: \$10,000-\$25,000
- Annual cost: \$21,000-\$50,000

To cover the cost of this service, the City could implement a business license application fee tied to the administrative costs for reviewing and processing business license applications as part of the City's regulatory function. This fee could be structured as a single, flat charge for all licenses, or differentiated between license type where a slightly higher fee is charged for new licenses and a lower fee for renewals, which would reflect the additional time required to process new licenses. Staff estimates that a flat fee as low as \$6 for new application and renewal licenses could generate approximately \$50,000 in revenue. This technology fee is separate from the business license tax and can be implemented by Council Resolution.

Next Steps

Following Council direction, staff would return with draft ordinance language for consideration of approval. Staff would also return to Council as appropriate for a contract to provide improved online business license customer service software and with necessary documentation for the implementation of a new technology fee if appropriate.

COORDINATION

This report was coordinated with the City Manager's Office.

FISCAL IMPACT

Staff estimates the City loses approximately \$25,000 of business license revenue each year through special event vendor waivers. Implementing the recommended changes would increase revenue, but more importantly reduce staff time and cost associated with processing waiver requests and allow for a better understanding of special event vendor business activity in the City.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- FY 2026-27 BRR #27-Business License